



**American
Red Cross**

National Headquarters
431 18th Street NW
Washington, DC 20006

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January 29, 2020

Postal Regulatory Commission
Re: Docket RM2017-3
901 New York Avenue NW, Suite 200
Washington, DC 20268-0001

POSTAL REGULATORY
COMMISSION

Dear Manager, Product Classification:

I am writing on behalf of the American Red Cross in response to the U.S. Postal Service notice in the December 11 *Federal Register*. The notice reveals the USPS intends to propose changes to the system that regulates prices for market-dominant mail, which includes much of the mail sent by nonprofit organizations. The proposed changes, if implemented, would allow the USPS to charge significantly higher prices for some types of mail on which nonprofit organizations rely. We strenuously oppose any such new price regulation changes.

The American Red Cross prevents and alleviates human suffering in the face of emergencies by mobilizing the power of volunteers and the generosity of our donors. Through our strong network of volunteers, donors and partners, we aspire to turn compassion into action so that all people affected by disaster across the country receive care, shelter and hope; our communities are ready and prepared for disasters; everyone in our country has access to safe, lifesaving blood and blood products; all members of our armed services and their families find support and comfort whenever needed; and in an emergency, there are always trained individuals nearby, ready to use their Red Cross skills to save lives. Direct mail is a crucial mode of communication that generates a significant portion of revenues for the Red Cross and is one of the most effective channels through which our organization reaches supporters.

If the changes USPS contemplates were proposed and implemented, it would significantly increase the cost of mailings from our organization. The cost of postage would increase annually by \$2.4M (reflecting a 28% increase) to as high as \$3.5M (reflecting a 40% increase). The consequence of this expense increase would lead to fewer mailings, and diminished ability to generate donations to deliver on our mission. The Red Cross would be forced to cut back on fundraising through direct mail, reducing quantities by 7.6M-10.4M pieces annually. Lost revenue resulting from the decreased

mailings is estimated between \$6.8-\$9.4M.

The drastic difference in postage cost would impact the American people in times of need. Put in terms of mission delivery, this increase in cost would affect our capacity to provide shelter during a disaster by 137,000 – 188,000 fewer days (\$50.00 = Provides a full day of food and shelter for 1 person). **An increase to postage rates is simply not an option.**

We have invested time and money to develop a mail fundraising program that meets current standards. Our mailings have been approved repeatedly by USPS as in compliance with Marketing Mail classification specifications and we have reasonably relied on stability from the U.S. Postal Service's classification system to make our investment in these efforts worthwhile. The sudden increase of postage would cripple our mailing programs and inevitably lead to a further migration from mail to alternative means of fundraising and membership development. We strongly believe that the proposed change is contrary to the spirit and history of collaboration between the USPS and humanitarian organizations and places an unfair burden on organizations such as ours.

We, like other nonprofit mailers, have long relied on and are appreciative of our partnership with the U.S. Postal Service to enable us to help Americans in times of need. For the reasons stated above, we oppose the proposed changes and urge the agency to withdraw the proposal. Please do not hesitate to let us know any information we can provide and thank you for your consideration.

Sincerely,



Alison Teres

Executive Director, Consumer Fundraising

The American Red Cross